

MPERA



R E T I R E M E N T P L A N

Montana University System (MUS) Optional Retirement Program Basics

The information in this publication is based on 2007 law and is subject to future legislative changes, including changes to the plan choice rate.

Your Retirement Plan Choice

Employees of the Montana University System who are new or rehired members of PERS may elect to:

- Remain in the PERS Defined Benefit Retirement Plan (see Defined Benefit Retirement Plan Basic pamphlet);
- Transfer to the PERS Defined Contribution Retirement Plan (see Defined Contribution Retirement Plan Basics pamphlet); or
- Transfer to the Montana University System's Optional Retirement Program (ORP).

Optional Retirement Program: Basics

The Montana University System's Optional Retirement Program (ORP) is a defined contribution plan. This means that, similar to the PERS Defined Contribution Retirement Plan, the ORP does not specify a benefit in retirement. Instead, it specifies how much is contributed to the retirement account. The retirement account will grow over time depending on:

- **How much is contributed to the account,**
- **How long the money remains invested, and**
- **The rate of return earned over that time period.**

The ORP participant invests contributions in selected investment options. The participant assumes all investment risk, but is also entitled to all investment returns.

Please see the Defined Contribution Retirement Plan Basics pamphlet for illustrations on how defined contribution plan accounts can accumulate.

The Montana Board of Regents administers the ORP under Montana law and has contracted with TIAA-CREF (Teachers Insurance and Annuity Association-College Retirement Equities Fund) as plan provider.

Comparison Chart

Differences Between the ORP and the PERS Defined Contribution Retirement Plan

The ORP and the PERS Defined Contribution Retirement Plans are similar because they are both defined contribution plans. There are key differences between the plans, shown in the comparison chart.

Feature	Optional Retirement Program	PERS Defined Contribution Retirement Plan
Vesting on Employer Contributions	Immediate. Depending on age and account balance, distributions of employer contributions may be restricted.	5 Years
Allocation of Employer Contributions	Total Contributions = 7.035% Less Plan Choice Rate -2.505% Education Fund <u>-0.04%</u> Participant Account 4.49%	Total Contribution = 7.035% Less Plan Choice Rate - 2.505% Education Fund -0.04% Disability Plan <u>-0.30%</u> Participant Account 4.19%
Long Term Disability Plan	Not available through ORP. Is available as part of the Montana University System <i>Choices</i> benefits program.	Component of the Plan
Administrative Costs	Taken from quarterly returns on investments, and averaging between .25% and .40% of assets. For example, on a \$10,000 account balance, cost would average between \$100-\$160 per year.	Recordkeeping fee is \$57 per year-deducted quarterly (\$14.25/quarter) from participant accounts. MPERA administrative costs are 0.0625% quarterly. For example, on a \$10,000 account balance, cost would be \$25 per year.
Investment Options	Selection of variable annuity products. Variable annuities do not guarantee principal or return. Traditional fixed annuity product guarantees principal and return.	Selection of retail and institutional mutual funds. These funds do not guarantee principal or return. Stable value product guarantees principal and return.

Frequently Asked Questions

ORP/PERS Defined Contribution Retirement Plan Frequently Asked Questions

Can I belong to both the ORP and one of the PERS retirement plans?

No, as a Montana University System employee only, you may not simultaneously be a participant of more than one retirement plan. You must be a participant of the Defined Benefit Retirement Plan, the Defined Contribution Retirement Plan or the Optional Retirement Program.

If I elect the ORP, what amount will transfer from PERS?

The amount that will transfer is:

- the contributions you have made to PERS since you were hired plus 8% interest compounded annually.
- 4.49% of the contributions your employer has made to PERS since you were hired plus 8% interest compounded annually.

Frequently
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How do I elect the ORP?

You choose the Optional Retirement Program by completing the Montana University System “Retirement Plan Choice Election Form”, signing it and filing it with MPERA. The Election Form can be found at the back of the worksheets.

Do not file the Retirement Plan Choice Election Form with your campus payroll personnel. An ORP election filed with your campus payroll personnel is not valid. Upon receipt of your ORP election, MPERA will coordinate university system employee elections and transfer of funds with the appropriate personnel within the Montana University System.

What happens to my rights under PERS if I elect the ORP?

As a Montana University System employee only, if you elect the ORP, you waive all rights and benefits under PERS.



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